

LAND CONSERVATION CONTRACT

THIS LAND CONSERVATION CONTRACT is made and entered into this \_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between DENNER REAL ESTATE, INC., a Colorado Corporation, hereinafter referred to as "Owner", and the COUNTY OF SAN LUIS OBISPO, a political subdivision of the State of California, hereinafter referred to as "County".

WITNESSETH

WHEREAS, Owner possesses certain real property situated in the County of San Luis Obispo, State of California, hereinafter described as "the subject property", and more particularly described in Exhibit A attached hereto and incorporated by reference herein as though set forth in full; and

WHEREAS, the subject property is devoted to agricultural uses and uses compatible thereto, and is located within an agricultural preserve heretofore established by the County; and

WHEREAS, both Owner and County desire to limit the use of the subject property to agricultural, related and compatible uses in order to preserve a maximum amount of agricultural land, to conserve the State's economic resources, to maintain the agricultural economy, to assure a food supply for future residents, and to discourage premature and unnecessary conversion of agricultural land to urban uses, recognizing that such land has public value as open-space and constitutes an important physical, social, aesthetic, and economic asset to the County; and

WHEREAS, the placement of the subject property in an agricultural preserve and the execution and approval of this contract is deemed to be a determination that the

highest and best use of the subject property during the term of this contract, or any renewal thereof, is for agricultural uses and Owner agrees that agricultural zoning is the appropriate zoning for said premises; and

WHEREAS, Owner has supplied County with a title company lot book guarantee or preliminary title report listing all trust deed beneficiaries and mortgagees, if any, under prior recorded deeds of trust and mortgages on the subject property; and

WHEREAS, both Owner and County intend that the terms, conditions and restrictions of this contract are substantially similar to the terms, conditions, and restrictions of contracts authorized by the California Land Conservation Act of 1965 so as to be an enforceable restriction under the provisions of California Revenue and Taxation Code Section 422; and

WHEREAS, it is the intent of County and Owner that the continued existence of this contract is made dependent upon the continued recognition of the restrictions on the use of Owner's land for property tax valuations.

NOW, THEREFORE, IT IS AGREED by and between the parties hereto as follows:

1. This contract is made and entered into pursuant to the California Land Conservation Act of 1965 (Government Code Sections 51200 et seq.) and is subject to all of the provisions thereof, including any amendments thereto which may be enacted from time to time, which are incorporated by reference herein as though set forth in full. This contract is further made and entered into pursuant to Revenue and Taxation Code Section 422, including any amendments thereto which may be enacted from time to time, which are incorporated by reference herein as though set forth in full.

2. During the term of this contract, the subject property shall not be used for any purpose other than "agricultural or compatible uses" as defined in this paragraph. "Agricultural or compatible uses" as used in this contract are described in the County's Rules of Procedure to Implement the California Land Conservation Act of 1965. Table 2 of the Rules of Procedure provides a list of all land uses which are defined in the Land Use Element for the Inland Portion and Coastal Zone of the County and denotes whether these uses are allowable, conditional per Table 2 footnotes, or prohibited. "Agricultural or compatible uses" are subject to all applicable standards in and requirements of the Land Use Element and the Land Use Ordinance/Coastal Zone Land Use Ordinance for the Agriculture land use category. If the subject property is not already in the Agriculture land use category, the County will initiate a general plan amendment to change the land use category to Agriculture within one year after the agricultural preserve is established.

The parties further recognize that the Land Use Element, Land Use Ordinance/Coastal Zone Land Use Ordinance, and Rules of Procedure to Implement the California Land Conservation Act of 1965 may be amended in accordance with State law and the County Code. The parties further recognize that the uses allowed pursuant to this contract may be expanded or restricted from time to time by reason of such amendments. The subject property is currently designated by the Land Use Element and Land Use Ordinance/Coastal Zone Land Use Ordinance as Agriculture.

3. This contract shall be effective as of the day and year first above written and shall remain in effect for the period of 20 years therefrom; provided, however, that beginning with the first day of January of the year in which the contract will have an unexpired term of nine years, and on each first day of January thereafter, a year shall

be added automatically to the initial term unless notice of nonrenewal is given as provided in Government Code Section 51245 and the County's Rules of Procedure to Implement the California Land Conservation Act of 1965, subject to the filing deadlines stated therein. Under no circumstances shall a notice of renewal be required of either party to effectuate the automatic renewal option of this paragraph.

4. This contract may not be canceled except pursuant to a request by Owner, and as provided in Article 5 of the California Land Conservation Act of 1965 as that Act may be amended from time to time. Provided, however, no such cancellation shall occur until notice and public hearing thereon is conducted in the manner provided by Government Code Sections 51284 and 51285, as those sections may be amended from time to time.

5. Owner, upon request of County, shall provide County with information relating to Owner's obligations under this contract.

6. Any conveyance, contract or authorization (whether oral or written) by Owner or his successors in interest which would permit use of the above-described premises contrary to the terms of the contract may be declared void by the County Board of Supervisors; such declaration or the provisions of this contract may be enforced by County by an action filed in the Superior Court of the County for the purpose of compelling compliance or restraining breach thereof. These remedies are non-exclusive and County may take any other action legally available to enforce the terms of this contract.

7. The within contract shall run with the land described herein and shall be binding upon the heirs, successors, and assigns of the parties hereto.

8. The minimum lot size for the purposes of this contract shall be 160 acres. Any act by Owner which results in creation of a parcel or parcels of land, within the above-described premises, smaller than the minimum lot size prescribed in this paragraph for said premises shall constitute a violation of this contract and shall be subject to all the provisions of paragraph 6 hereof.

9. Any transfer by Owner of any portion of the property which is the subject of this contract shall be a violation of this contract, if the portion transferred is smaller in size than the minimum lot size prescribed in the provisions of paragraph 8 above. Such a violation shall be subject to all of the provisions of paragraph 6 hereof. Provided, however, if the subject property is smaller in size than the minimum lot size prescribed in the provisions of paragraph 8 above, the subject property may be transferred in its entirety. Provided further, however, if the subject property is located in whole or in part within one mile of an urban reserve line or adjacent to a village reserve line as designated by the Land Use Element, an existing parcel or a group of contiguous existing parcels may be transferred if the property transferred and the property retained each satisfies the minimum acreage required to qualify according to Table 1 of the Rules of Procedure.

10. The trust deed beneficiaries and mortgagees, if any, listed on the lot book guarantee or preliminary title report referred to above, and whose signatures are affixed hereto, do hereby assent to this contract, and, further, do hereby subordinate their respective interests to the contractual restrictions imposed by this contract, specifically to the agricultural and compatible uses and minimum lot sizes imposed on the subject property by reason of this contract.

11. This contract may be executed in one or more counterparts each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this contract as of the day and year first above written.

COUNTY OF SAN LUIS OBISPO

By: \_\_\_\_\_  
Chairperson of the Board of Supervisors

ATTEST:

\_\_\_\_\_  
Clerk of the Board of Supervisors

APPROVED AS TO FORM AND LEGAL EFFECT:

RITA L. NEAL  
County Counsel

By:   
Deputy County Counsel

Dated: 11.20.15

OWNER

DENNER REAL ESTATE, INC., a Colorado  
Corporation

By:

G. Ronald Denner, Director

[NOTE: This contract will be recorded. All signatures to this contract must be acknowledged by a notary on an all purpose acknowledgement form.]

Denner\_AGP2015-00002\_Ctr.wpd

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

On \_\_\_\_\_, before me, \_\_\_\_\_, Deputy  
County Clerk-Recorder, County of San Luis Obispo, State of California,  
personally appeared \_\_\_\_\_

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

**TOMMY GONG, County Clerk-Recorder and Ex-Officio Clerk of the Board of Supervisors**

Deputy County Clerk-Recorder

Page 8 of 15



**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT****CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )

County of San Luis Obispo )On November 12, 2015 before me, Amanda Derringer, Notary Public,  
Date Here Insert Name and Title of the Officerpersonally appeared G. Ronal Denner

Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature

Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**Title or Type of Document: Land Conservation Contract Document Date: NoneNumber of Pages: 7 Signer(s) Other Than Named Above: \_\_\_\_\_**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_

☐ Corporate Officer — Title(s): \_\_\_\_\_☐ Partner — ☐ Limited ☐ General☐ Individual ☐ Attorney in Fact☐ Trustee ☐ Guardian or Conservator☐ Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

☐ Corporate Officer — Title(s): \_\_\_\_\_☐ Partner — ☐ Limited ☐ General☐ Individual ☐ Attorney in Fact☐ Trustee ☐ Guardian or Conservator☐ Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

**EXHIBIT A**

**Legal Description**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE UNINCORPORATED AREA IN COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

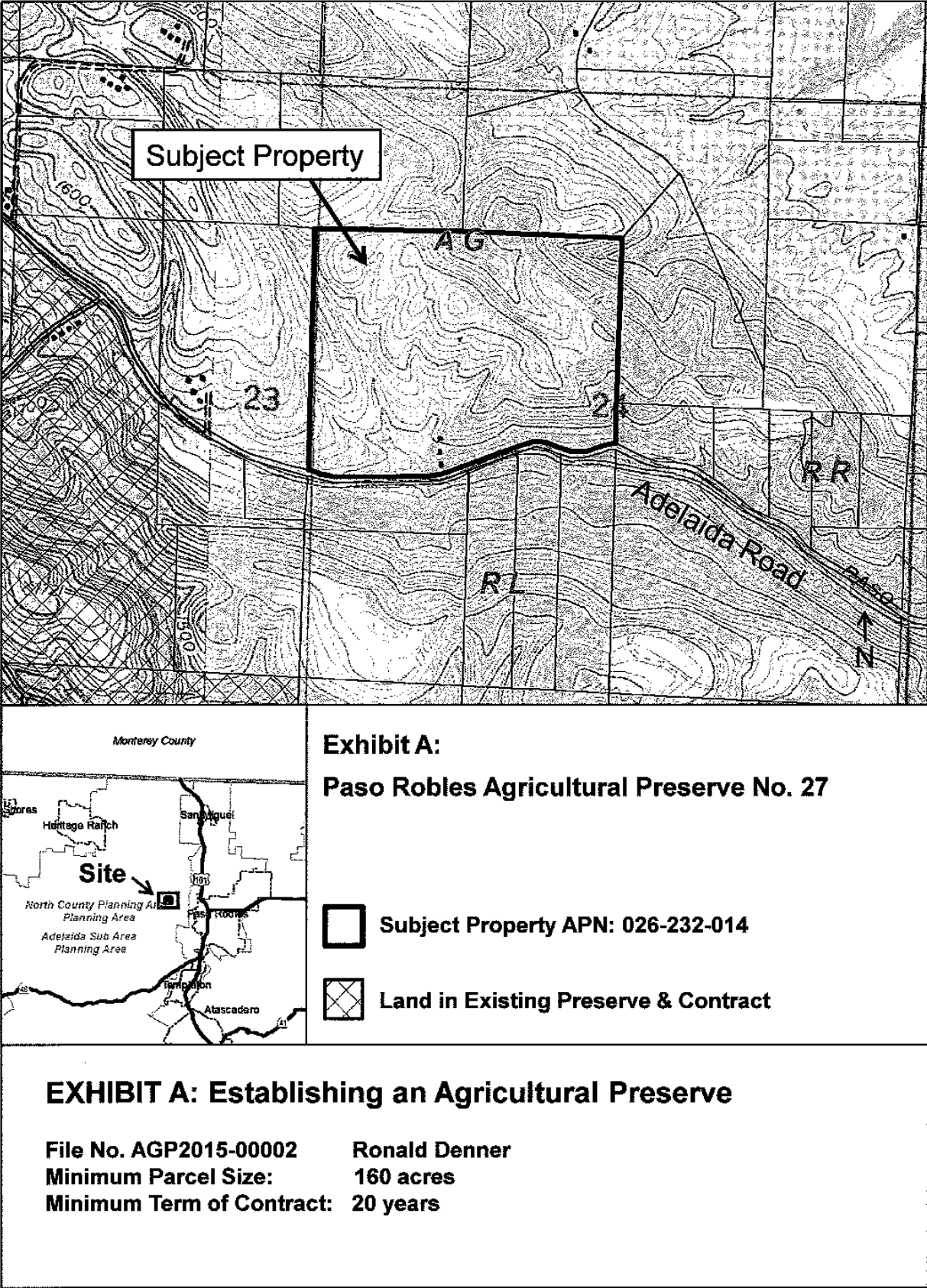
THE SOUTH HALF OF THE NORTHWEST QUARTER AND THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 24, TOWNSHIP 26 SOUTH, RANGE 11 EAST, MOUNT DIABLO BASE AND MERIDIAN, IN THE UNINCORPORATED AREA, COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF THE SURVEY OF SAID LAND APPROVED BY THE SURVEYOR GENERAL ON MAY 3, 1859.

EXCEPTING THEREFROM ALL THAT PORTION OF THE NORTH HALF OF THE SOUTHWEST QUARTER LYING SOUTH OF COUNTY ROAD NO.9, AS SAID ROAD EXISTED ON MARCH 4, 1959, AS CONVEYED TO WILBURN A. WOODS, ET UX, BY DEED DATED MARCH 10, 1959 AND RECORDED MARCH 30, 1959 IN BOOK 991, PAGE 41 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM ONE-HALF OF ALL GAS, OIL AND MINERAL RIGHTS, AS RESERVED BY PAUL A. REINKE AND GRACE D. REINKE, HUSBAND AND WIFE, IN DEED RECORDED DECEMBER 21, 1967 IN BOOK 1459, PAGE 734 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM ONE-HALF OF ALL GAS, OIL AND MINERAL RIGHTS, AS RESERVED BY PHYLLIS I. OWENS, IN DEED RECORDED SEPTEMBER 1, 1972 IN BOOK 1686, PAGE 484 OF OFFICIAL RECORDS.

APN: 026-232-014



RECORDING REQUESTED BY:

County of San Luis Obispo

AND WHEN RECORDED MAIL TO:

Clerk of the Board of Supervisors  
County of San Luis Obispo  
County Government Center  
San Luis Obispo, CA 93408

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**SUBORDINATION AGREEMENT**

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT. (THIS NOTICE REQUIRED BY CALIFORNIA CIVIL CODE SECTION 2953.3.)

The undersigned, beneficiary under that certain Deed of Trust dated March 31, 2011, recorded April 7, 2011, as Document No. 2011-017045, of the Official Records in the office of the County Recorder of the County of San Luis Obispo, State of California, hereby consents to the Land Conservation Contract entered into between DENNER REAL ESTATE, INC., a Colorado Corporation, and the County of San Luis Obispo, recorded concurrently herewith, and does hereby subordinate the interests of its Deed of Trust to the entire effect of the Land Conservation Contract.

SIGNED AND EXECUTED this 12th day of November, 2015.

BENEFICIARY

Farm Credit West, FLCA

By: 

[Name]: Robert Souza

Its [Title]: Vice President

[NOTE: This Subordination Agreement will be recorded. All signatures to this agreement must be acknowledged by a notary.]

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT****CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )

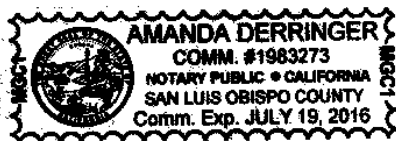
County of San Luis Obispo )On November 12, 2015 before me, Amanda Derringer, Notary Public  
Date Here Insert Name and Title of the Officerpersonally appeared Robert Souza

Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature

Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: Subordination Agreement Document Date: 11/12/15  
Number of Pages: 1 Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_

☐ Corporate Officer -- Title(s): \_\_\_\_\_☐ Partner -- ☐ Limited ☐ General☐ Individual ☐ Attorney in Fact☐ Trustee ☐ Guardian or Conservator☐ Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

☐ Corporate Officer -- Title(s): \_\_\_\_\_☐ Partner -- ☐ Limited ☐ General☐ Individual ☐ Attorney in Fact☐ Trustee ☐ Guardian or Conservator☐ Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

RECORDING REQUESTED BY:

County of San Luis Obispo

AND WHEN RECORDED MAIL TO:

Clerk of the Board of Supervisors  
County of San Luis Obispo  
County Government Center  
San Luis Obispo, CA 93408

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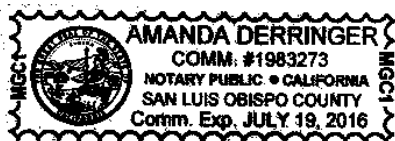
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Name(s) of Signer(s)

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Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

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